

Message Text

LIMITED OFFICIAL USE

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ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
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E.O. 11652: N/A
TAGS: ECON,EFIN,EAID, PINR,CE
SUBJECT: TILAKARATNE REPLACES JAYAWARDENA AS FINANCE SECRETARY

1. BEGIN UNCLASSIFIED. MARCH 29 NEWSPAPERS REPORTED THAT
CENTRAL BANK DEPUTY GOVERNOR DR.WALTER M. TILAKARATNE
HAD REPLACED DR. LAL JAYAWARDENA AS SECRETARY OF THE MINISTRY
OF FINANCE AND PLANNING. END UNCLASSIFIED.

2.BEGIN LIMITED OFFICIAL USE. THIS WAS AN UNEXPECTED
CHANGE. THE EMBASSY UNDERSTANDS THAT JAYAWARDENA'S DEPARTURE
WAS DUE TO A GROWING PERSONALITY CONFLICT WITH FINANCE
MINISTER RONNIE DE MEL. AS JAYAWAIFENA AND TILAKARATNA
WORKED VERY CLOSELY TOGETHER IN FORMULATING THE GOVERN-
MENT'S NEW ECONOMIC POLICIES, THIS CHANGE IS NOT EXPECTED
TO HAVE A SIGNIFICANT IMPACT ON THE BASIC POLICY LINE.
FROM THE EMBASSY'S POINT OF VIEW, TILAKARATNE MAY BE AN
IMPROVEMENT OVER JAYAWARDENA WHO WAS INVOLVED IN TOO MANY
THINGS AND WAS NOT A PARTICULARLY GOOD ADMINISTRATOR.
AS AN ECONOMIST, TILAKARATNA IS AT LEAST AS CAPABLE
AS JAYAWARDENA, ALTHOUGH A MORE RETIRING PERSONALITY.
OVER THE PAST YEAR JAYAWARDENA HAS TURNED DOWN SEVERAL
VERY ATTRACTIVE OFFERS FROM VARIOUS INTERNATIONAL
ORGANIZATIONS; IT IS EXPECTED THAT HE WILL
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NOW ACCEPT ONE OF THESE OFFERS AND GO OVERSEAS.

3. RUMOR HAS IT THAT TILAKARATNE'S JOB AT THE CENTRAL BANK
WILL BE FILLED BY DR. H.NEVILLE S. KARUNATILAKE.
KARUNATILAKE WAS A VOCIFEROUS CRITIC OF THE PREVIOUS
GOVERNMENT'S ECONOMIC POLICES AND WAS REMOVED FROM HIS
POSITION AS THE CENTRAL BANK'S DIRECTOR OF

ECONOMIC RESEARCH IN JANUARY 1977 (SEE 77 COLOMBO 0407).
WITH THE ADVENT OF THE NEW GOVERNMENT, HE WAS RESURRECTED AS
THE BANK'S "ECONOMIC ADVISOR" WITH NO SPECIFIC FUNCTIONS.
HE HAS STRONG POLITICAL BACKING FROM THE MORE CONSERVATIVE
ELEMENTS OF THE UNITED NATIONAL PARTY (UNP)
KARUNATILAKE IS VERY MUCH A "FREE MARKET" ECONOMIST WHO
ALWAYS HAS A VERY DEFINITE OPINION ON JUST ABOUT ANY GIVEN
SUBJECT,WHILEHE IS IN AGREEMENT WITH THIS GOVERNMENT'S
BASIC ECONOMIC PHILOSOPHY, IT IS NOT CLEAR HOW LARGE A
ROLE HE WOULD PLAY IN POLICY FORMULATION IF HE DOES TAKE
OVER AS DEPUTY GOVERNOR.SOME PEOPLE FIND HIM ABRASIVE
AND MUCH WILL DEPEND ON HIS PERSONAL RELATIONSHIP WITH
TALAKARATNE AND MINISTER DE MEL AMONG OTHERS.
DEBOLD

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